Testimony of the American Passenger Rail Coalition
Presented by Harriet Parcells
Before the Subcommittee on Railroads, Pipelines and Hazardous Materials
Transportation and Infrastructure Committee
on the Benefits of Intercity Passenger Rail
U.S. House of Representatives June 26, 2007

Chairwoman Brown and members of the Subcommittee on Railroads, Pipelines and Hazardous Materials, thank you for the opportunity to testify today on the benefits that investments in intercity passenger rail provide for the nation. My name is Harriet Parcells and I am the Executive Director of the American Passenger Rail Coalition (APRC), a national association of railroad suppliers and businesses.

Our nation's passenger railroad, Amtrak, is a success story. Ridership has steadily increased for the past four years and is up again five percent in the current fiscal year over the same period last year. Amtrak management has reduced operating costs and management and workers together have maintained an outstanding safety record. These accomplishments are particularly noteworthy given that Amtrak has been granted barely enough funding to meet its capital and operating needs each year for many years.

By failing to provide the funding our nation's passenger railroad needs to make investments that would greatly enhance passenger service, especially in congested metropolitan corridors, the U.S. is missing out on enormous economic, social and environmental savings. These savings would make the country more productive and competitive in the global marketplace. Results of a study for the World Bank show that cities with significant sustainable transportation systems are the least costly in terms of a range of parameters including the amount of funds spent on roads, transit operating cost recovery, road accidents, air pollution and, overall, the percent of city wealth that

goes into transportation. The data show that the most rail-oriented cities have the lowest transportation costs and the cities with the most roads have the highest costs. The study found that the single most important variable relating to transportation efficiency is the density of the city—the most sprawling cities are the most costly. Thus, strategies to contain sprawl, reurbanize, build new light rail systems into auto dependent suburbs with focused subcenters and to facilitate biking and walking all appear to add to the economy of a city.[1] Investments in intercity passenger rail routes that efficiently connect cities to one another and refocus development back into urban downtowns are an integral part of building more sustainable cities.

The costs of continuing to shortchange passenger rail are mounting.

Highway and Airport Congestion Relief:

Highway congestion drains $63 billion annually from the economy in wasted time and fuel. A total of 2.3 billion gallons of gasoline are wasted every year in cars sitting on congested roadways.[2] Investments in passenger rail benefit not only those riding the trains but, drivers on the highways or traveling by air by diverting substantial numbers of trips from crowded roads and airways. Over 12 million passengers annually ride Amtrak trains on the Northeast Corridor. Without this vital transportation service, the Northeast region's productivity would suffer and the cost to expand runways and highways—where this is even a practical option—would be far greater than the cost of the rail investments.

Investments to improve rail service in other corridors of the nation will also return large benefits. Studies for the nine state Midwest Regional Rail Initiative (MWRRI) estimate that nearly 5.1 million highway trips and 1.3 million air trips will be diverted by the improved regional passenger rail network.[3] Rail travel time between Chicago

and the Twin Cities would drop from the current eight hours to less than six and travel between Chicago and Detroit would drop from six hours to less than four. States in the Southeast are looking to improved passenger rail service to help the region accommodate the tremendous population growth that will occur over the next several decades, which will overwhelm the existing transportation infrastructure. The population of Florida is projected to increase by over 200% over the next 40 years; North Carolina and South Carolina by 71% and 62%, respectively; Georgia by 100% and Virginia by 76%. Business and government leaders throughout the region see improved passenger rail service as a cost-effective way for the region to remain productive and competitive.[4]

Economic Benefits

Public investments in intercity passenger rail reduce trip travel times and create new connections between cities that open up new business opportunities and generate jobs, higher household incomes and tax revenues and increased property values. Investments in intercity passenger rail focus development back into urban areas and encourage more efficient, compact development patterns that are more sustainable and less costly than auto-dependent sprawl development. Investments in rail will also bring a renaissance in the U.S. railroad supply industry which will result in new jobs and tax revenues for cities and states across the country. The U.S. railroad supply industry currently contributes $20 billion to the economy and provides over 150,000 jobs.

Evaluations of the Midwest Regional Rail Initiative estimate that the improved rail network (with trains operating at top speeds of 110 mph, increased frequencies, improved connections and new equipment) will generate nearly 58,000 long-term jobs in the nine state region and increase the region's income by over $1 billion per year over the life of the project. The rail network will create significant opportunities for public-private development partnerships, estimated at around $5 billion, with half of this coming from the private sector.[5] Studies by North Carolina of the high-speed rail

corridor for the Southeast region show that the regional rail network will generate $700 million in new tax revenues and 19,000 new jobs from enhanced economic development in North Carolina alone. The economic benefits for the entire region would be substantially greater.[6]

Investments in improved passenger rail service also bring needed economic renewal to rural communities. The *Downeaster Service* that operates between Boston and Portland, Maine has carried over 1.5 million riders since its inception in December 2001 and is consistently ranked by Amtrak riders as one of the best routes in the nation in customer service. The *Downeaster* has generated over $15 million in economic benefits from rail passengers who spend money on hotels, food, recreation and other needs. The service is generating returns of $6-11 for every dollar invested. The economic benefits continue to pump benefits into the regional economy. In the coastal community of Orchard Beach, Maine, the rail service has stimulated construction of 27 new condominiums in walking distance of the station, redevelopment of the pier, construction of an upscale "Grand Victorian" condominium/hotel complex, modeled on the turn of the century hotel that burned down, and conversion of a parking area next to the station into a landscaped city park. Study of an extension of the passenger rail service to Brunswick is generating development around the planned stations in cities along the route. An $80 million commercial/retail development is being planned in Freeport that will link the train station with the L.L. Bean manufacturing site.

Montana published an analysis of the economic benefits that Amtrak's Empire Builder service brings to the state. The study found that the service is "an essential transportation service for which there is, by and large in most parts of the Montana communities served, no reasonable alternative;" that direct spending by visitors arriving by Amtrak in Montana and spending by Amtrak itself to procure goods and services

totals between $5.3-5.7 million annually and that the benefits associated with using the Empire Builder service (money saved, lower accident probability, reduced highway maintenance, etc) total at least $7.6 million annually.[7]

Development Potential at Train Stations:

Train stations offer the potential for considerable joint development in public-private partnerships. The train stations can serve as critical development nodes that attract commercial, retail and residential development in the surrounding area, bringing jobs, tax revenues and other benefits to cities. Moreover, by converting the stations into multi-modal transportation hubs that bring together intercity trains, rail and bus transit, intercity buses and local taxis, the stations facilitate transfers between modes and make it more attractive for people to use all forms of public transportation.

Using federal funds first made available through ISTEA, and subsequently through TEA-21 and TEA-LU, more than 155 communities around the country have restored their historic train stations. The federal funds have leveraged state, local and private dollars and resulted in economic revitalization of the stations and the downtown areas around them. Restoration of Union Station in Washington D.C. and its conversion into a multi-modal transportation center, anchored substantial economic development around the station. The restaurants, shops, movies and other attractions within the station have made it one of the region's most visited destination points.

Energy Benefits

The transportation sector of the economy accounts for about two-thirds of the petroleum used in the United States. U.S. dependence on imported oil has grown to 66 percent of daily supply (13.7 million barrels per day). While other sectors of the economy have greatly reduced their dependence on petroleum (through efficiency and

substitution of other forms of energy), the transportation sector has room for substantial improvement. The amount of petroleum used by the transportation sector each year is nearly equal to the country's total daily petroleum imports. This heavy reliance on foreign oil drains vast sums of money out of the country. In 2006, the U.S. spent $300 billion for oil imports, triple the $102 billion spent just five years ago.

Table 1

U.S. Payments for Petroleum Imports[8]
(millions $)

Year	Exports	Imports	Balance	Total trade deficit	Oil Import $ as % of the trade deficit
1990	$ 6,901	$ 61,583	-$ 54,682	- $102,496	60%
2000	$10,192	$119,251	-$109,059	- $436,104	27%
2002	$ 8,569	$102,663	-$ 94,094	- $468,263	22%
2004	$13,130	$179,266	-$166,136	- $650,930	28%
2006	**$28,131**	**$300,066**	**-$271,885**	**-$818,002**	**37%**

The heavy U.S. dependence on oil imports sends billions of dollars overseas that could be invested here at home to improve the economy and quality of life and it undermines U.S. national security. Increased investments in intercity passenger rail are part of the solution toward building a more sustainable, energy-efficient transportation network. If U.S. cut its oil import dependence enough to save just 1.25% of the $300,066 spent on oil imports last year, it would fund the entire Midwest Regional Rail Initiative.
Travel by intercity passenger rail is highly energy-efficient compared to travel by automobile or commercial airline. Gasoline prices of $3.17 (or more) per gallon are up 26 percent since last year.[9] Consumers are feeling the economic pinch. If fast, attractive intercity passenger rail service was offered in key metropolitan corridors, many more citizens would leave their cars behind and try rail. Consider the recent

experience in Illinois. Last year, in its FY 2007 budget, Illinois doubled its commitment to Amtrak rail service in the state and added several daily frequencies on trains between Chicago and Quincy, Carbondale and St. Louis. The results? Between November and May of this year, ridership on the Chicago-Qunicy route is up 45%, the Chicago-Carbondale route is up 72% and the Chicago-St. Louis route is up 107%. These are not high-speed trains. The results for a high-speed, interconnected regional network with new equipment would generate far greater ridership gains and other benefits.

TABLE 2
Energy Efficiency of Passenger Modes of Travel [10]

Mode of Travel	Btu's per passenger mile
Amtrak	2,935
Commuter rail	2,751
Rail transit (LRT, subway)	3,228
Airline (commercial)	3,587
Automobile	3,549

Air Quality and Global Warming

Global warming is a threat to the health of the entire planet. The U.S. accounts for nearly one-quarter (23%) of the world's carbon dioxide emissions, the major global greenhouse gas. And, nearly half of U.S. carbon emissions are from oil use, with transportation the major consumer. Within transportation, motor fuel consumed by the country's fleet of cars and trucks, has been responsible for about 60% of U.S. carbon dioxide emissions over the last twenty years. Countries throughout the world have made, and continue to make, substantial investments in passenger rail because they understand that rail emits far lower levels of emissions than auto and air travel and will make their economies more productive and competitive in the global marketplace.

TABLE 3

Global Greenhouse Emissions by Transport Mode [11]

Transport Mode	CO		NO_x		VOC	
	Million Short Tons	%	Million Short Tons	%	Million Short Tons	%
Highway Vehicles	62.2	55.5%	7.37	34.9%	4.54	27.5%
Aircraft	.3	.2%	.08	.4%	.02	.1%
Railroads	.1	.1%	.89	4.2%	.03	.2%
Vessels	.1	.1%	1.01	4.8%	. 03	.2%
Other off-road vehicles	23.8	20.0%	2.11	10.0%	2.61	15.8%
	86.6	77.3%	11.45	54.3%	7.23	43.7%

Within rail, there are opportunities to obtain greater energy-efficiencies. For example, General Electric, a member of the APRC Board of Directors, is introducing new technologies to improve the efficiency of its locomotives. GE has developed a new Evolution Hybrid locomotive that has the ability to reduce fuel consumption by 10 percent compared to the existing Evolution locomotive. This, in turn, reduces emissions of carbon dioxide, NOx and particulates a similar amount. The hybrid locomotive stores some of the energy generated during braking in a series of specially designed lead-free batteries. When needed, the batteries supply the locomotive with extra power that can be used to reduce fuel consumption and emissions. A second technology optimizes fuel efficiency by managing the speed and throttle settings to minimize fuel consumption without adverse impact on the train's arrival time.

Policy Recommendations

As the Transportation and Infrastructure Committee develops its intercity passenger rail reauthorization legislation, APRC urges you to:

1. Provide strong capital and operating funding for Amtrak, including funding to bring the Northeast Corridor to a state of good repair;

2. Establish a federal-state partnership for capital investments in rail corridors. Other modes of transportation such as highways and transit have long benefited from a federal-state partnership but rail has been neglected. When a city or state is considering ways to solve congestion problems, the fact that a highway investment will bring a 90% federal match whereas rail, even if it is the better solution, will bring no federal dollars, biases decision-making against the rail choice. A federal-state partnership for intercity passenger rail will help change that and provide greater incentives for states and cities to invest in intercity passenger rail.

3. APRC would like to see the Committee bill include a provision create a Next Generation Corridor Train Equipment Pool under which FRA, Amtrak and states would work together to develop specifications for procurement standards for next generation rail corridor equipment. S. 294, the Senate intercity passenger rail reauthorization bill Includes such a provision.

4. Although tax measures are outside the jurisdiction of the Committee, we urge you to work with members of the Ways and Means Committee to develop creative ways to finance the substantial capital investments that are needed to achieve a new level of U.S. intercity passenger rail service. Sufficient funding is not available through the annual appropriations process. APRC supports proposals have been put forth in past years to finance rail capital investments through tax credit or tax-exempt bonds. Years ago, there was also discussion of a "penny for rail." Each penny generates over $1 billion annually that could be used for investments in intercity passenger rail. Gasoline prices have jumped 26% since last year but none of the gain is captured for public benefit. It may be time to reexamine to consider directing a small amount of the increased gasoline costs, which presently go to the oil industry, to investments to develop high quality intercity passenger rail in the U.S.

Footnotes

1. Peter Newman, "Sustainable Transportation and Global Cities," Institute for Sustainability and Technology Policy, Murdoch University, Australia.
2. Texas Transportation Institute, 2005 Urban Mobility Report.
3. Midwest Regional Rail Initiative, updated November 2006.
4. Southeast Economic Alliance, Southeast High Speed Rail: Building 21st Century Transportation Infrastructure.
5. Midwest Regional Rail Initiative, op. cit.
6. Southeast High Speed Rail, op. cit.
7. R.L. Banks & Associates for Montana Department of Transportation, Analysis of the Economic Benefits of the Amtrak Empire Builder Service to Montana.
8. Petroleum Monthly Review, May 2007, U.S. Department of Energy, Energy Information Agency.
9. U.S. Department of Energy, Energy Information Agency, web site.
10. Oak Ridge National Laboratory, Transportation Energy Data Book, Volume 25, Table 2.12
11. Transportation Energy Data Book, Table 12.1, op. cit.